



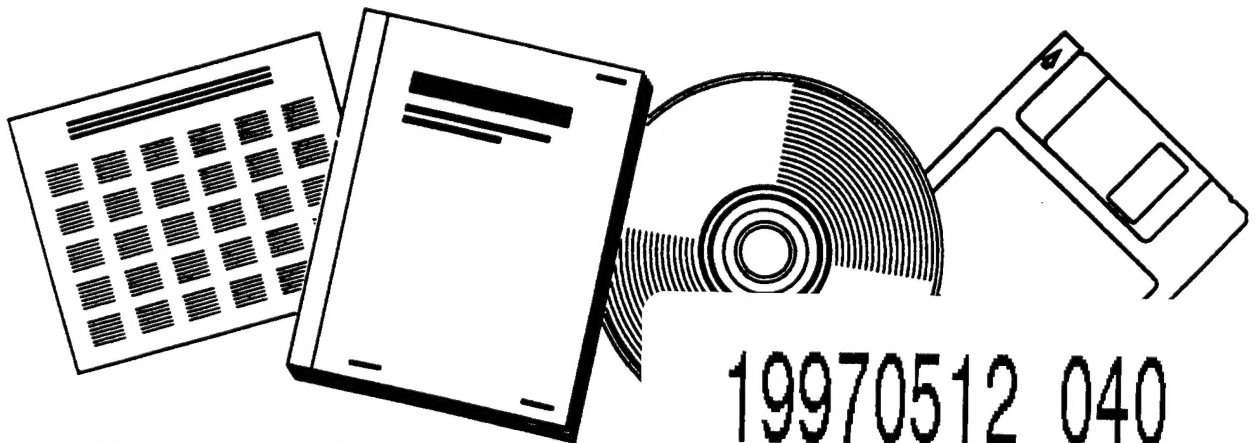
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# ANALYSIS OF DEFENSE CONVERSION LEGISLATION ANNEX I TO ADJUSTING TO THE DRAWDOWN REPORT OF THE DEFENSE CONVERSION COMMISSION

DEFENSE CONVERSION COMMISSION  
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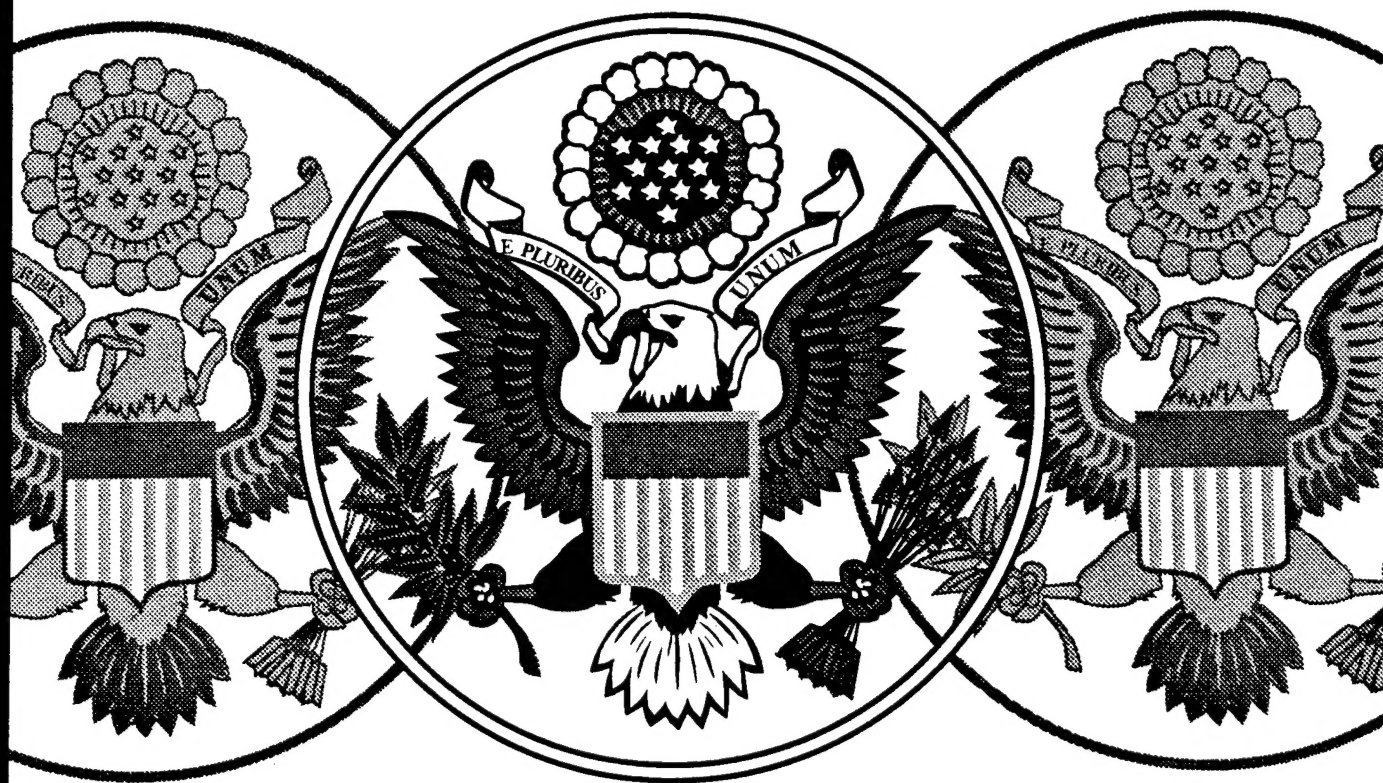
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Abstract: The report analyzes legislation for defense conversion that was enacted into law for the 1993 fiscal year. The annex provides the Defense Conversion Commission's analysis of relevant portions of both the authorization and appropriation acts for the Department of Defense (DoD). The first section discusses the purpose of the document. The second section describes the framework for evaluating legislation that the Commission developed in the course of its review. The third section applies the framework to the legislation and summarizes the Commission's findings. A fourth section discusses the next steps for conversion legislation. Finally, an appendix contains individual program analyses that document the Commission's findings in greater detail.

# Analysis of Defense Conversion Legislation



Annex I to  
*Adjusting to the Drawdown*  
Report of the  
Defense Conversion Commission

# Analysis of Defense Conversion Legislation

Annex I to  
*Adjusting to the Drawdown*

Report of the  
Defense Conversion Commission

February 1993

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# ANALYSIS OF DEFENSE CONVERSION LEGISLATION

This annex to *Adjusting to the Drawdown: Report of the Defense Conversion Commission* analyzes legislation for defense conversion that was enacted into law for the 1993 fiscal year. The annex provides the Defense Conversion Commission's analysis of relevant portions of both the authorization and appropriation acts for the Department of Defense (DoD). The first section discusses the purpose of this document. The second section describes the framework for evaluating legislation that the Commission developed in the course of its review. The third section applies the framework to the legislation and summarizes the Commission's findings. A fourth section discusses the next steps for conversion legislation. Finally, an appendix contains individual program analyses that document the Commission's findings in greater detail.

## THE PURPOSE OF THIS ANNEX

This annex links the recommendations in the Commission's report directly with the legislation enacted into law for 1993. This annex indicates which legislative initiatives complement or reflect the Commission's findings and recommendations, and which do not. Perhaps more importantly, however, this annex identifies the Commission's basis for assessing the effectiveness of particular initiatives. This rationale appears in the next section in the form of a framework for evaluating conversion legislation.

The Commission recognizes the critical importance of establishing a consistent framework for creating and evaluating conversion legislation. Establishing a framework led the Commission to consider, identify, and make explicit its judgments of the key ingredients of successful laws. Establishing the framework also allowed the Commission to examine the varying aspects of the legislation in the larger context of conversion issues, rather than through an *ad hoc* approach. Applying the framework to the legislation ensures a consistent set of standards for evaluation.

In its report, the Commission states its strong belief that the fragmented, disjointed nature of transition programs in the executive branch and recent legislation does not adequately or efficiently address some key conversion problems, and that Government actions would be

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greatly improved through a new, integrated approach. Creating a framework for evaluating programs and legislation is an essential step in developing such a new approach.

The lack of such a framework limits legislation's effectiveness. For example, the Commission found that many of the programs that the Congress included in its listing of conversion-related initiatives had, in fact, little to do with defense conversion. As a result, it is difficult for the public to identify and therefore obtain available transition assistance services.

The Commission believes that if congressional leaders establish and apply a framework for evaluating legislative initiatives, then the resulting legislation is more likely to address the nation's defense conversion problems, rather than serve narrower parochial interests.

## FRAMEWORK FOR EVALUATING LEGISLATION

The Commission analyzed each relevant provision of the authorization and appropriation acts for DoD for 1993 through a consistent evaluation framework. The framework adopted by the Commission has four key elements:

- *a definition of defense conversion,*
- *principles that broadly define the scope and purpose of governmental actions,*
- *goals for defense conversion policies and programs, and*
- *evaluation criteria used to assess individual programs.*

These elements are discussed in the next four sections.

### Definition of Defense Conversion

The Commission found that definitions of defense conversion varied considerably and therefore felt that it was important to make explicit its definition. The Commission defined conversion as the *process* by which the people, skills, technology, equipment, and facilities in defense are

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shifted into alternative economic applications. These applications can include, but are not limited to, continuing to produce goods and services for defense markets as well as for non-defense government, commercial, and international markets. By viewing conversion as a process of transition, the Commission focused on actions that make the process more efficient while minimizing hardship.

## Principles

The Commission adopted four principles that define the scope and purpose of government actions. The principles are general guideposts. They alone are not specific enough to evaluate the likely success or failure of proposed legislation. Rather, they are broad rules under which proposals should first be considered. The four principles are:

- *Integrated response.* Our nation's well-being and security rest upon its political, military, economic, and moral strengths. A successful defense conversion strategy must recognize the breadth of our security needs, and the interdependence between military and economic security. Our nation can better meet these needs with an integrated response, including a well-integrated industrial base. Transition policies and programs that satisfy both military and civilian goals are preferable to those that support only one or the other. Likewise, transition programs that efficiently integrate Federal, state, and local assistance provide the best response to dislocations resulting from the defense drawdown.
- *Proper Government role.* In most situations, free-market allocations lead to the most efficient outcome for society. Government intervention in the private economy may be justified, however, when structural deficiencies in markets lead to inefficient outcomes, or when the transition to market-determined outcomes would take too long.<sup>1</sup> Both rationales for intervention are present in the defense conversion process. In either case, Government should intervene only when both cost and benefits have been considered and found to support Government action.
- *Long-term perspective.* In addressing defense conversion needs, the Commission recognizes the need both to address the immediate, short term effects and to provide the tools to stimulate long-term economic growth—the foundation for our nation's future well-being. While recognizing the continuum of transition needs, including the need for short-term assistance, the Commission's recommendations advocate

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actions designed to promote the highest net benefit over the long term.

- *Universality.* Few programs or policies relating to the conversion process—be they transition assistance, training, or technology—are defense-unique. Their design and evaluation should therefore reflect the potential for universal application to civilian purposes. There will continue to be a need for certain essential defense programs and skills. And while a limited number of conversion programs and policies may need to focus exclusively on defense, most should be applicable to other sectors of the economy that experience dislocations. Whenever possible, transition strategies should be broadly applicable but flexible enough to meet individual circumstances.

## Goals

Goals are the third element of the Commission's framework. Goals specify the objectives that proposed programs seek to achieve. In the course of its review, the Commission identified a number of government programs and legislative proposals that lack clear and coherent, result-oriented goals and are therefore unlikely to succeed.

The Commission feels that the Administration bears the primary responsibility for identifying clear goals for new conversion legislation. The Commission found that a key part of the solution for defense transition problems lies in integrating the fragmented structure of conversion programs. At present, these programs are found in numerous Federal agencies, including the Departments of Defense, Commerce, Labor, and others. Likewise, different congressional committees are responsible for different aspects of conversion issues. Given the fact that conversion issues cut across many traditional jurisdictional boundaries, the Commission believes that the Executive Office of the President is better positioned to integrate conversion programs than organizations in the Congress.

The goals differ in one important respect from the principles: they focus on defense transition exclusively. In contrast, the principles are applicable to issues other than defense conversion.

While no one program can address all goals equally well, Government policies and programs collectively should aim at their achievement. The Commission identified several significant goals for Government to pursue in fostering the defense transition process:



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- *Facilitate the transition* by encouraging economic growth over the long run. The general condition of the economy is the most critical factor affecting the transition of individuals, communities, and companies to lower levels of defense spending.
  - *Preserve defense capability.* A healthy industrial base is vital to the nation's security. While continued peacetime demands will support most necessary defense industrial capabilities, both present and future requirements may call for a limited number of special actions. The need for such actions will be lessened by greater integration of commercial and military economies.
  - *Ease the immediate impact* on workers, communities, and companies. The drawdown will produce some hardships as resources are reallocated from defense to other sectors of the economy, and temporary Government assistance may be necessary to ease the process.
  - *Improve Government programs.* Government programs and policies should be effective and efficient. More effective Government programs can increase benefits without necessarily increasing program costs.

## Criteria

While the principles define the broad scope and purpose of government action, they alone are not sufficient to determine if a proposed policy or program is likely to succeed. The Commission identified five specific considerations that can be used as criteria to analyze conversion legislation and proposals.

The different provisions in the legislation vary considerably in their scope and purpose, and it is difficult to establish criteria that apply equally well to every single proposal. With this in mind, the Commission focused the criteria on two fundamental questions: (1) Is the program, policy, or proposal aimed at goals tied to conversion? and (2) How will its success be measured?

The Commission adopted the following five criteria:

- *Overall support for transition goals.* It should be clear how this program will ease the impact of economic dislocation resulting from the defense drawdown in the short term and/or facilitate the transition

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to enhanced economic growth in the long term. This criterion serves to link the programs directly to *conversion*. (The remaining criteria are applicable to a wide range of government programs beyond conversion, and should be used once goals are clear.) The Commission found a number of programs characterized as "conversion" that did not meet the initial criterion. Such programs, potentially worthwhile in achieving other goals, were not evaluated using the additional criteria.

- *Clear objectives.* Defense transition policies and programs should have a clear statement of objectives relating to a *specific, demonstrated transition impact* and ensure that *services are directed to the needs of the impacted population*. They must be considered in connection with ongoing programs and must address needs in a manner that does not duplicate other efforts.
- *Measurable outcomes:* Measures of merit, tied to program objectives, must be established and maintained *to determine program impact on the target population* following a necessary time period to accomplish those objectives. Measures must be defined that reflect how well goals are being reached. Input-oriented measures, such as the number of people contacted or grants awarded, are incomplete measures of effectiveness. Outcome-oriented measures—for example, the number of job placements or jobs created, new or increased sales or market share due to technology development or insertion—are essential for determining program merit. A baseline also needs to be established for comparison purposes. While the Commission is aware of how difficult the process of establishing such measures and baselines is, it is firmly convinced that the effort must be made.
- *Exit criteria* should also be established. Measures of program success—including requirements and criteria for "graduation" from transition assistance—should be clearly delineated. For programs not intended to provide a continuing service, there should be a plan for phasing out or terminating assistance when needs are met or when the program fails to meet the specified objective in a reasonable time.
- *Demonstrated commitment.* Experience has shown that a cooperative approach to program delivery among different levels and Government agencies, service providers and target populations leads to better services, less duplication, and quicker response to needs. Program design should *foster participant cooperation and commitment* through any of a variety of methods, including *cost sharing, resource matching,*

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*and performance incentives to local delivery areas.*

- *Effective and efficient delivery.* Effective and efficient delivery mechanisms require a variety of considerations:
  - The *roles of public agencies* in program delivery bear scrutiny; the Federal Government can facilitate effective service to local entities by establishing information clearinghouses on best program practices, disseminating data, and offering technical assistance to impacted communities.
  - Program oversight responsibility and funding should reside in the organizations whose *mission* is most directly furthered by successful program results.
  - Transition programs should provide enough *flexibility* to tailor services to local needs. *Implementation should be delegated to the lowest possible level*, and project funds dispensed to entities closest to target populations to facilitate timely service delivery. Local people and organizations know more about local resources and needs, can better devise appropriate transition services, can respond more quickly, and have the most at stake.
  - Programs should be *affordable*; reasonableness of costs as compared to program objectives and recipient needs must be considered and re-evaluated on a regular basis.

## EVALUATION OF LEGISLATION

The Commission analyzed the defense conversion portions of the *National Defense Authorization Act for Fiscal Year 1993* (PL 102-484) and the *Department of Defense Appropriation Act for Fiscal Year 1993* (PL 102-396) using the framework described in the preceding section.

The Congress must pass bills that both authorize and appropriate funds for new conversion programs and initiatives. The Commission found analyzing the legislation for 1993 to be an especially challenging task because the authorization and appropriation acts treat defense conversion differently in some important respects.<sup>2</sup>

One key difference is the amount of money that each act identifies for

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defense conversion. The Authorization Act authorized \$1.512 billion under Division D, Defense Conversion, Reinvestment, and Transition Assistance (see Table 1). The Appropriation Act identified \$1.767 billion, mostly under its Title VIII, Defense Reinvestment for Economic Growth (see Table 2), but directly appropriated less.

Another key difference is that the two acts identify different legislative proposals as being related to defense conversion. Although the appropriations act funded most of the conversion-related provisions of the authorization act, there are some important differences between the two. For example, the appropriations act included in its total of \$1.767 billion for defense conversion over \$300 million in high technology programs, many of which could have some impact on conversion. These programs were not included in the authorization act under defense conversion, however. These programs are well-established, having been authorized and appropriated through research and development accounts in prior years, but were not previously associated with defense conversion.

The legislation reflects the conclusions of conversion task forces in the House of Representatives and in the Senate. The House authorization bill (HR 5006) included a \$1 billion amendment containing detailed provisions proposed by a Democratic Caucus Task Force. The Senate authorization bill (S. 3114) authorized \$1.2 billion based on proposals made by the Senate Democratic Defense/Economic Conversion Task Force and the Republican Task Force on Adjusting the Defense Base. The Conference Committee that reconciled differences between the House and Senate authorization bills adopted nearly all the recommendations in both bills, resulting in an overall higher spending level than provided for in either bill.

In general, the Commission found that the legislation as a whole did not provide an integrated approach to transition problems as recommended in its report. In addition, while some of the specific legislative initiatives adequately met the Commission's criteria, many did not. Many lacked clear objectives and measurable outcomes. Others targeted specific objectives, but did not support conversion goals as defined above.

A summary of the Commission's analysis of the legislation follows in three sections that address the legislative provisions in three categories: personnel programs, community assistance programs, and technology and industrial base programs. The appendix to this annex is comprised of worksheets that provide a more thorough evaluation of each of the provisions discussed below.

**TABLE 1**

**DIVISION D NATIONAL DEFENSE AUTHORIZATION ACT FOR 1993**

	<u>Sin millions</u>
<b>Personnel Assistance Programs:</b>	
Temporary early retirement authority	254
Temporary health transition assistance	76
Guard & reserve transition initiatives	40
Separation pay and civilian health benefits	72
Troops to teachers & teacher's aides	65
DoD environmental scholarship program	10
Grants to colleges for training in environmental restoration	10
Job training and employment services	75
Participation of discharged military personnel in Upward Bound	5
Job bank program	4
Servicemembers occupational conversion & training	75
Subtotal	686
<b>Community Adjustment and Assistance Programs:</b>	
Office of Economic Adjustment	52
Economic Development Administration	80
Subtotal	132
<b>Defense Industry and Technology Base Programs:</b>	
Program for analysis of the technology & industrial base	5
Center for the study of defense economic adjustment	2
Defense dual-use critical technology partnerships	100
Commercial military integration partnerships	50
Regional technology alliances assistance program	100
Defense advanced manufacturing technology partnerships	25
Defense manufacturing extension programs	100
Defense dual-use assistance extension program	200
Defense procurement technical assistance program	12
Defense manufacturing engineering education program	30
Other defense industry & technology base programs	70
Subtotal	694
<b>TOTAL</b>	<b>1,512</b>

TABLE 2

## 1993 DEPARTMENT OF DEFENSE APPROPRIATION ACT

## Title VIII:

Community Economic Adjustment Assistance through the Economic Development Administration.....	\$80,000,000
Temporary health transition assistance.....	76,000,000
Department of Defense civilian personnel transition initiatives.....	72,000,000
Defense efforts to relieve shortages of elementary and secondary school teachers and teacher's aides.....	65,000,000
Environmental education & retraining programs.....	20,000,000
Job training & employment & educational opportunities.....	84,000,000
Service members occupational conversion & training.....	75,000,000
Subtotal, Title VIII.....	<u>472,000,000</u>

## Title I:

Active forces transition enhancements (temporary early retirement authority).....	254,000,000
Guard and reserve transition initiatives.....	40,000,000
Job placement assistance and career training.....	210,000
Subtotal, Title I.....	<u>294,210,000</u>

## Title II:

National Guard Civilian Youth Opportunities Pilot Program.....	30,000,000
Civilian Community Corps.....	20,000,000
Other programs of the Commission on National and Community Service.....	20,000,000
Philadelphia Naval Shipyard economic conversion initiatives.....	50,000,000
Subtotal, Title II.....	<u>120,000,000</u>

## Title IV:

Dual-use Critical Technology Partnerships.....	100,000,000
Commercial-Military Integration Partnerships.....	50,000,000
Regional Technology Alliances Assistance Program.....	100,000,000
Defense Advanced Manufacturing Technology Partnerships....	25,000,000
Manufacturing Extension Programs.....	100,000,000
Manufacturing Engineering Education Programs.....	30,000,000
Defense Dual-use Assistance Extension Program.....	100,000,000
Agile Manufacturing and Enterprise Integration.....	30,000,000
Advance Materials Synthesis and Processing.....	30,000,000
US-Japan Management Training.....	10,000,000
Subtotal, Title IV.....	<u>575,000,000</u>

The following amounts (including increases above the budget) are also contained in Title IV of the bill:

Multi-use high performance computing.....	\$68,600,000
Infrared focal plane array technology.....	15,000,000
Rapid prototyping of application specific signal processors.....	26,000,000
Multi-chip modules.....	46,200,000
Multi-function self aligned gate technology.....	10,000,000
Acoustic charge transport.....	5,000,000
High temperature superconductor/diamond materials.....	65,000,000
National Center for Advance Gear Manufacturing Technology.	5,000,000
National Center for Manufacturing Sciences.....	45,000,000
Superconducting magnetic energy storage.....	20,000,000
Subtotal.....	<u>305,800,000</u>

GRAND TOTAL, economic conversion initiatives..... \$1,767,010,000

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## Personnel Programs

Several different types of programs fall within the broad category of "personnel programs." These include programs that are specifically geared to transition assistance (for example, those that promote job-search skills or upgrade work skills) and those that are designed to help DoD manage the size and composition of the military and civilian force (which ensures that the armed forces have the appropriate mix of skills and personnel to guarantee readiness and the ability to accomplish their tasks).

The Commission concluded that programs already existing to help military personnel and DoD civilian employees were generally adequate, although they could be improved by developing and applying measures of success. However, the Commission believes that programs for private-sector defense workers should be strengthened considerably. Many of the Commission's recommendations were aimed at improving such programs through allowing more participation, identifying and promoting those programs that the Commission believes provide effective and efficient transition assistance, and eliminating those programs whose objectives have been achieved or that the Commission concludes are unlikely to play a significant role in assisting personnel.

Specific legislative provisions are addressed below.

### **SEPARATION PAY FOR DoD CIVILIANS**

The legislation provides \$70 million to allow the Secretary of Defense to offer monetary incentives to DoD civilian employees who voluntarily leave Federal employment by retirement or resignation. Individuals would be offered the lesser of \$25,000 or the amount of severance pay to which they would be entitled. The goal is to facilitate the defense drawdown without having to rely on involuntary reductions-in-force (RIFs), and, like most force-management programs, the program benefits from implementation through an existing administration and its results can be measured. **The Commission recommends DoD use this authority as necessary and discontinue its use when it is no longer needed for force management.**

### **CONTINUED HEALTH BENEFITS FOR DoD CIVILIANS**

The Congress authorized and appropriated \$2 million to provide

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continued health care for DoD civilian employees who will be separated as a result of the drawdown. **The program meets the Commission's criteria and eases the transition for separating DoD employees. The Commission recommends that DoD implement this initiative.**

#### **TEACHER AND TEACHER'S AIDE PLACEMENT**

The legislation authorized and appropriated a \$65 million discretionary program to provide separated service members, terminated DoD employees, and displaced private-sector defense workers opportunities to become certified as teachers or teacher aides. The Commission found that this program did not meet its criteria for effective delivery because there is not a clear requirement for this transition benefit, the cost is excessive for the number of direct beneficiaries, and the program, if implemented at all, would more appropriately be placed within the Department of Education. As a consequence, **the Commission recommends against implementing this program as currently proposed.**

#### **TEMPORARY EARLY RETIREMENT AUTHORITY**

This \$254 million initiative, which was authorized but not specifically appropriated, provides DoD with the authority to offer retirement benefits to military personnel after 15 years of service. DoD normally offers retirement benefits to military personnel after 20 years of service. The Congress believes that this program was necessary to avoid a RIF of military personnel with 15 to 20 years of service. The Commission did not find any evidence to support the need for this program in RIF avoidance, nor did there appear to be any force-management requirement. Absent such evidence, **the Commission does not recommend implementation.**

#### **TEMPORARY HEALTH TRANSITION ASSISTANCE**

This program, funded for \$76 million, provides for temporary health care insurance for separating military personnel and their families. **The Commission recommends implementation of this program as contributing to the transition needs of such personnel.** In addition, its goals are well-defined, its results can be measured, and delivery is likely to be effective and efficient.

#### **GUARD AND RESERVE TRANSITION BENEFITS**

This \$40 million program (authorized, but not specifically funded in the appropriation) provides a range of mandatory and discretionary benefits for



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the Selected Reserve. The benefits include priority for vacant positions in reserve units and continued participation in the Montgomery G.I. Bill. **The Commission recommends implementing these force-management programs, with the exception of provisions to provide separation pay to involuntarily separated reservists,** because their objectives are clear and the results are measurable. The Commission concludes that the financial impact of the transition on members of the Selected Reserve is likely to be far less substantial than the impact on active-duty military, DoD civilians, or private-sector employees, and that the benefits offered by the separation pay provision are not warranted.

#### **DOD ENVIRONMENTAL SCHOLARSHIP PROGRAM**

This \$10 million initiative has two parts. The first part, funded at \$3 million provides scholarships for current DoD employees for environmental studies. **The Commission found that this program does not meet its goals for defense conversion and that DoD should base its implementation on considerations other than defense conversion.** The second part, funded at \$7 million, provides scholarships to students who commit to at least one year of work for DoD for each year they receive the scholarship. The legislation requires that preference be given to military personnel, veterans, and current and former DoD civilian employees and private-sector defense workers. **The Commission found that this program contributes to DoD force-management efforts, and recommends its implementation.**

#### **ENVIRONMENTAL GRANTS TO COLLEGES**

The Congress authorized and appropriated \$10 million to establish or expand environmental studies programs at universities and colleges. While there is likely to be a demand for increased expertise in environmental issues in the future, there is no clear link between such programs and the transition goals. **Accordingly, the Commission does not recommend implementation.**

#### **JOB TRAINING AND EMPLOYMENT SERVICES**

This program commits \$75 million to providing skills upgrading and needs-based payments to former military, civilian DoD, and private industry defense workers who have received notification of termination. While the Commission concludes that the program meets its criteria of clear objectives, measurable outcomes, participant commitment, and effective delivery, it also finds that the program mirrors the Department of

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Labor's Economic Dislocation and Worker Adjustment Assistance (EDWAA) program in many ways and would more appropriately be placed in DoL. **The Commission recommends that if the legislative initiative is to be implemented, the funding and program administration be transferred to DoL.**

#### **JOB BANK PROGRAM**

This mandatory \$4 million initiative will make the Department of Labor's Interstate Job Bank readily available to separating military, their spouses, DoD civilians, and displaced employees of defense contractors. While the program defines clear objectives, there is no provision for measuring its effectiveness. **The Commission recommends that the program be implemented by establishing such measures, but that funding be transferred to the DoL.**

#### **UPWARD BOUND FOR EX-MILITARY PERSONNEL**

This program provides discretionary authority to spend \$5 million to cover the costs of individuals participating in Upward Bound, a Department of Education (DoEd) program aimed at low-income students, normally still in high school, to prepare them for college attendance. The Commission believes the DoEd program is inappropriate for most separating military personnel and fails to define clear objectives or measurable outcomes. **The Commission recommends DoD not implement this initiative.**

#### **SERVICE MEMBERS OCCUPATIONAL CONVERSION**

This mandatory program provides \$75 million for employers to train unemployed veterans discharged after August 2, 1990. The initiative provides assistance to displaced military personnel separated due to the drawdown and targets a specific population with specific needs. However, the program has no clear mechanism for measuring success and duplicates an existing Department of Labor program for non-military workers, which conflicts with the Commission's criterion for effective delivery. **The Commission recommends that the funding and administration of the program be transferred to the DoL.**

#### **SUMMARY**

In general, the Commission found that transition assistance and force planning are two distinct roles for the DoD. Many of the new programs

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providing assistance to individuals are reasonable means of fulfilling those roles. It is appropriate and desirable for DoD to provide transition assistance to involuntarily separated personnel, especially in the form of job search assistance. However, DoD responsibility should decline as the assistance becomes more general, such as assistance for skill upgrades (for skills not needed by DoD) and subsidies for education, employment, and welfare. Such assistance, where effective, should be managed and funded by agencies designed for these roles, such as the Departments of Education, Labor, and Health and Human Services.

## Community Assistance Programs

The Commission proposed an extensive restructuring of existing community assistance programs with the goal of integrating the multitude of different programs. The Commission's analysis is based on the conclusion that communities can reap substantial benefits from careful planning and preparation for dislocations, whether from reductions in defense spending or other causes, and that the Federal Government can play a role in assisting and supporting such planning.

Many of the Commission's recommendations focused on the creation and implementation of a "new model" of community assistance organization, emphasizing the importance of timely responses by the government at all levels and of local participation. In addition, the Commission's recommendations are based, in part, on the successful experience of the DoD's Office of Economic Adjustment (OEA) in dealing with base closures and on the absence of data indicating the success of other existing community assistance programs.

### OFFICE OF ECONOMIC ADJUSTMENT EXPANSION

Legislation for 1993 authorized \$50 million for the OEA and appropriated \$80 million. Of the \$80 million appropriated, up to \$50 million is earmarked for "conversion projects" at the Philadelphia Naval Shipyard. **The Commission believes that the overall funding level for these projects outweighs their reasonable costs or their potential benefits, and recommends that DoD allocate the unnecessary portion of these funds elsewhere.** The legislation also expands the mission of OEA. The Commission believes that OEA plays an important role, and that its effectiveness and efficiency are due to its focus on helping communities plan, rather than becoming involved in plan implementation.

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Implementation grants should be administered by other Federal departments, such as the Departments of Commerce, Transportation, and Housing and Urban Development.

#### **PILOT PROJECT TO IMPROVE ECONOMIC ADJUSTMENT PLANNING**

This initiative authorizes \$2 million (although there is no specific appropriation) for four pilot projects to test economic adjustment planning and implementation for the different types of communities affected by reductions in defense spending. The Commission recommends that DoD implement this provision provided that the communities provide matching funds.

#### **ECONOMIC ASSISTANCE THROUGH THE ECONOMIC DEVELOPMENT ADMINISTRATION**

This section of the legislation adds \$80 million to the budget of the Economic Development Administration (EDA), an agency of the Department of Commerce, to provide assistance to defense-dependent communities. The program clearly addresses a need, establishes exit criteria, and fosters cooperation between Federal and state and local agencies. However, the Commission feels that EDA's effectiveness has been limited and that its help often arrives late, long after communities have begun to experience economic dislocation. The Commission recommends transferring the funding of this initiative to EDA provided EDA improves its effectiveness and the timeliness of its responses.

#### **SUMMARY**

The Commission believes that the maze of Federal programs with different eligibility requirements diminishes the quality of assistance that can be provided to communities affected by the drawdown and, indeed, by any economic dislocation. Currently, such assistance is too often delayed or parceled out in pieces at different times.

The model of planning and assistance, proposed by the Commission and described in Chapter 4 of *Adjusting to the Drawdown: Report of the Defense Conversion Commission*, would be an important step in replacing the fragmented, disjointed structure of personnel and community assistance with a more flexible, integrated, and effective system. While the legislation passed for 1993 did not provide the tools that would be required

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to develop and implement such a system, it does provide the funding that can form the basis of such an integrated approach.

## Technology and Industrial Base Programs

One of the Commission's key findings is that private firms—existing and new—are key to mitigating both long- and short-term consequences of the drawdown. Private companies will ultimately provide the long-term jobs and the economic growth that will make it possible for the country to absorb dislocations and minimize their impacts.

As a result, the Commission made a number of recommendations designed to strengthen the industrial base as a whole by integrating its defense and civilian industrial sectors. The Commission strongly believes that the promotion of such integration through, for example, emphasis on dual-use technology and cooperative efforts between the government and the private sector, will benefit DoD, industry, and taxpayers.

The Commission believes that "dual-use," whether a single technology or a complex process, is a continuum, ranging from applications that are heavily military and only marginally commercial, to those that are almost exclusively commercial, with little or no military application. (See the discussion in Chapter 3 of the Commission's report.) Striking a balance and assigning appropriate responsibility is complicated by the fact that there are not three discrete points: military, commercial, and dual-use.

Legislation and implementation of specific technology programs will be affected by where on the continuum they are located and the goals of the program. The legislation and the various programs that can be funded as a result can be grouped into those that span a large part of the spectrum and those that fall clearly on one end or the other. **The Commission believes that DoD should not be responsible for programs that are mainly commercial in nature.** The Commission also feels that it is appropriate and effective to require DoD contractors to be conscious of the potential commercial application of their work and to encourage and support their pursuit of such applications. Programs that DoD manages should continue to have as their main objective the need to satisfy existing or projected military requirements. While some have suggested that DoD should take responsibility for programs that are mainly commercial, but are likely to have some military impact (in other words, at the other end of the continuum from DoD's recognized role), the Commission believes these should be managed elsewhere.

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The Commission believes that the requirement for defense-unique products or processes can and should be reduced, and that greater commonality in both the products themselves and the development and production process is necessary. One of the objectives of the Commission is to ensure that technology development programs do not become specialized for either defense or commercial products until as late in the development and production process as possible, which would encourage greater dual-use efforts.

In general, therefore, the Commission supports the numerous dual-use partnership proposals in the 1993 legislation, although not all should be implemented through DoD. Such partnerships provide for funding of specific tasks or projects. These projects are likely to have clear objectives and measurable outcomes. Because of the nature of these partnerships, the private sector partners must demonstrate their own commitment by providing at least half the funds. The Commission recommends that those partnerships with the potential to make a significant contribution to DoD's mission should be funded by DoD. However, those partnerships that whose predominant mission is commercial should be funded elsewhere.

#### **DEFENSE DUAL-USE CRITICAL TECHNOLOGY PARTNERSHIPS**

This \$100 million program provides for partnerships between DoD and two or more firms to encourage R&D in dual-use critical technology. The program is clearly within the mission and capability of the Defense Advanced Projects Research Agency (DARPA), and the Commission recommends DoD implementation.

#### **COMMERCIAL-MILITARY INTEGRATION PARTNERSHIPS**

This \$50 million initiative also provides for the creation of partnerships between DoD and private firms or non-profit organizations to encourage R&D on dual-use critical technologies, but this program places an emphasis on the commercial viability of the technologies. The Commission believes this is an appropriate role for DoD, although flexibility in the choice of technology areas is limited due to the specific technologies included in the legislative authority. This initiative can also serve as the basis for a series of pilot programs on removing barriers between military and commercial technology. The Commission recommends DoD implement this initiative.

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## **REGIONAL TECHNOLOGY ALLIANCES ASSISTANCE PROGRAM**

This \$100 million program recodifies and gives a new title to the Critical Technology Application Centers Assistance Program that was funded in prior years. It is intended to provide assistance to regional technology alliance centers to promote the use of defense-critical technology for military and commercial purposes. **The Commission believes that this program emphasizes the commercialization of defense technology, and recommends the funding and administration of this initiative be transferred to the Department of Commerce.**

## **ADVANCED MANUFACTURING TECHNOLOGY PARTNERSHIPS**

Under this \$25 million program, the DoD may enter into partnerships to encourage R&D in advanced manufacturing technology, which would foster dual-use applications and promote U.S. competitiveness in the commercial market. The program also has a cost-sharing feature. **The Commission believes this is an appropriate program for DoD and recommends implementation.**

## **DEFENSE MANUFACTURING EXTENSION PROGRAM**

This \$100 million program is intended to help small- and medium-sized firms with manufacturing innovation and processes to upgrade their capabilities. The Commission concludes that extension programs are important and valuable whether the defense budget is increasing or decreasing, and therefore should not be specifically tied to conversion efforts. In addition, numerous Federal, state, and local agencies sponsor manufacturing extension efforts. These include the Department of Defense's Manufacturing Technology programs (ManTech) and the many programs offered by the Trade Adjustment Assistance Centers of the Department of Commerce, by the Regional Technical Transfer Centers of the National Aeronautics and Space Administration (NASA), by the Small Business Development Centers funded in part by the Small Business Administration, by various laboratories of the Department of Energy, by the Cooperative Extension System of the Department of Agriculture, and the manufacturing extension centers funded by the National Institute of Standards and Technology (NIST) in seven states. The further proliferation of potentially duplicative extension programs undermines the integration of such assistance programs that the Commission believes so important. **In keeping with its criterion for effective delivery, the Commission recommends that funding be transferred to the**

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Department of Commerce and that this program be integrated with existing manufacturing extension programs. The Commission also recommends that manufacturing extension programs develop and monitor measures of success.

#### **DEFENSE DUAL-USE ASSISTANCE EXTENSION PROGRAM**

This program, authorized at \$200 million, but appropriated at \$100 million, is intended to help defense-dependent businesses acquire dual-use capabilities through various types of assistance, including transition from government-oriented business practices to commercial practices, the acquisition of information, and loan guarantees to small businesses. The Commission concluded that this program assists defense-dependent firms in developing dual-use capabilities, supporting the conversion goals of both short-term assistance and long-term economic growth.

#### **DEFENSE MANUFACTURING ENGINEERING EDUCATION PROGRAM**

This \$30 million program is intended to strengthen the ability of educational institutions to serve regional manufacturing firms and provide grants to support graduate and undergraduate education in manufacturing engineering and management. Under the criterion for effective delivery, the Commission concludes that this program is inappropriate for DoD to administer. This program is more in consistent with the mission of other Federal agencies, such as the National Science Foundation. Accordingly, the Commission recommends that DoD transfer the funds and authority for this initiative to the National Science Foundation or another implementing agency.

#### **OTHER DEFENSE INDUSTRY AND TECHNOLOGY BASE PROGRAMS**

An additional \$70 million is authorized in the legislation as "other defense industry and technology base programs," presumably corresponding to the same amount appropriated for three programs included in the research and development—but not conversion—section of the appropriation act. These programs are: Agile Manufacturing and Enterprise Integration (\$30 million), Advanced Materials Synthesis and Processing (\$30 million), and U.S.-Japan Management Training (\$10 million). These programs were judged not to be an appropriate conversion role for DoD and as such were not assessed based on defense conversion criteria. DoD should decide



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whether to implement these programs based on their contribution to DoD research objectives.

#### **PROGRAM FOR THE ANALYSIS OF THE TECHNOLOGY AND INDUSTRIAL BASE**

Authorized for \$5 million but with no accompanying appropriation, this initiative establishes a program to provide technical support to the newly-created National Defense Technology and Industrial Base Council (discussed in the next section, "Organizational Legislation"). Because no money was appropriated, the Commission did not evaluate this program specifically. However, the Commission recommends that DoD rely on existing sources and focused data collection efforts, rather than undertaking an expensive effort to collect data on all industrial sectors and potential subcontractors. The Commission believes that DoD should take advantage of the substantial efforts already under way in collecting and analyzing data about the US technology and industrial base and the information that already exists in the armed services--especially in the program offices that manage the acquisition of weapons systems, in other DoD organizations, and on other Federal agencies such as the Department of Commerce. DoD can also take advantage of studies performed by companies, industry associations, and academics. When DoD requires additional data, it should define its needs carefully and collect data to provide decision-makers with the specific information they need at a reasonable cost.

#### **CENTER FOR THE STUDY OF DEFENSE ECONOMIC ADJUSTMENT**

This center, authorized at \$2 million, but with no accompanying appropriation, would be established at the National Defense University to study conversion and the reutilization of defense resources, and to support the National Defense Technology and Industrial Base Council. Based on the lack of appropriated funding, this initiative was not endorsed. However, the Commission does recommend that some agency or organization should have the lead role in pursuing defense conversion initiatives, and that DoD should play a prominent role. In addition, the Commission believes this same agency should be responsible for continuing to gather data, maintaining up-to-date lists of programs, and any other tasks relating to defense conversion.

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## SUMMARY

The Commission identified a number of useful characteristics in the industrial-base legislation. In particular, the Commission supports emphasizing partnerships and sharing R&D costs with private industry. The Commission believes that such an approach, coupled with its other recommendations, will promote the integration of military and commercial technologies, products, and processes, as well as strengthen the development and application of technologies with defense and commercial applications.

It is important, however, to recognize that DoD's role in such programs must continue to focus on meeting military requirements. Programs aimed at improving competitiveness or at developing dual-use technologies from predominantly commercial applications should, in general, be administered elsewhere.

## Organizational Legislation

The Commission believes that organizational reform is critical for success in current and future economic adjustment efforts, but that the reforms included in the 1993 legislation do not address the most pressing needs. **The Commission recommends the creation of an organizational body within the Executive Office of the President with responsibility for ensuring that critical defense transition issues are identified and addressed and that programs are coordinated.** This organization would serve as *the* Federal Government clearinghouse on transition information, and would also direct and control the allocation of funds related to defense transition.

The Commission recognizes, however, the importance of allowing the Administration to organize its defense transition efforts based on its own goals. The Commission finds that, in general, organizational reforms directed by the Congress, in the absence of compelling, clear-cut needs, set the stage for duplication of efforts, confusion over responsibilities, and problems of authority that inhibit the achievement of the goals of both the Administration and the Congress.

The organizational reforms included in the 1993 legislation are described in Appendix 3 of *Adjusting to the Drawdown*. The most important of these involve the establishment of a new National Defense Technology and Industrial Base Council (NDTIBC). This Council

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comprises the Secretaries of Defense, Energy, Commerce, and Labor, and others, if the President chooses, and acts as an executive council of the President's Economic Adjustment Committee (EAC), an established interagency group that coordinates economic adjustment programs. The Congress called for the NDTIBC to advise and coordinate: industrial base programs; programs to achieve reinvestment, diversification, and conversion objectives; and changes in acquisition policy. It is also required to prepare a periodic *National Technology and Industrial Base Defense Capability Assessment* and a *National Technology and Industrial Base Plan*.

The authorization act calls for the NDTIBC to rely on the newly created National Defense Program for Analysis of the Technology and Industrial Base and the Defense Economic Adjustment Center, discussed above. (Their future is unclear, however, because they were authorized in the legislation, but no funds were appropriated.). The Defense Economic Adjustment Center is charged with preparing a study on the effects of dislocation resulting from reductions in defense spending.

The legislation also directs the Secretary of Defense to establish a National Defense Manufacturing Program, to be developed and implemented in accordance with the *National Technology and Industrial Base Plan*. The Program is to provide centralized guidance on matters related to manufacturing technology and dual-use efforts.

Finally, the legislation calls for establishment of an Office of Technology Transition in the Office of the Secretary of Defense to ensure that technology developed for DoD is integrated into the commercial sector where applicable.

The Commission concluded that the organizational reforms included in the 1993 legislation add little to already existing structures. The Commission believes that, while the efforts and organizations created through the legislation may have a role to play in implementing conversion and transition-related efforts, they are insufficient to provide the necessary leadership, which must come from the Executive Office of the President. **The Commission therefore recommends that these initiatives should be implemented by the Administration only to the extent that such initiatives are consistent with its own organizational arrangements and verified needs.**

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## CONCLUSIONS

The Congress has expressed its interest in conversion and defense transition through new and existing programs. However, as presently configured, these programs represent a fragmented approach to transition, rather than a systematic one. This is in part a consequence of the legislative process, but it is also in part a result of the lack of consistent guidance from the executive branch. The Commission believes that the recommendations in its report provide a solid basis for improving government transition programs.

In several cases, the legislation for 1993 and the Commission's recommendations are in basic agreement. For example, both the Commission and Congress support various force management programs for DoD and selected benefit programs for transition assistance; both believe that community development is important; and both believe that promoting dual-use technology and processes will provide significant benefits to the Department of Defense and the commercial sectors of the economy.

**The Commission concludes, however, that almost all legislative programs should be created and evaluated through a framework similar to that described in the second section of this annex and almost all need greater emphasis on establishing clear objectives and measures of success.**

The Commission's recommendations and the legislation also differ on the question of how to organize the Executive Branch to address conversion issues. The Commission believes that transition policies should be coordinated through the Executive Office of the President and that the Administration should determine and establish the appropriate organizational structures based on its own goals and objectives. Leadership within the White House would also extend to working with Congress on matters related to economic dislocations. An organization situated in the Office of the President would be responsible for establishing unified transition goals for the Administration as a whole and working with Congress to achieve them.

The Congress clearly has important contributions to make in helping the nation adjust to reduced defense spending. Indeed, the Administration and the Congress will have to work together to implement the recommendations in the Commission's report. The Commission recognizes

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the important steps that the Congress has taken to date and hopes that its report and this annex will assist in the formation of legislative efforts for 1994 and beyond.

#### ENDNOTES

1. "Structural deficiency" is used here to describe what economists call market failure. A market failure exists in a particular market if the parties involved in a transaction or a productive activity do not capture all benefits or bear all costs associated with the transaction or activity. For example, there is a failure in the market for basic research, since the researcher may be unable to appropriate all benefits of a scientific discovery that becomes common knowledge. In that case, from society's point of view, the profit motive alone will yield an inadequate amount of basic research. Government action is justified because the social benefits exceed the private benefits of this activity.
2. The Commission's analysis focuses on the legislative initiatives outlined in the *National Defense Authorization Act for Fiscal Year 1993 Conference Report*, listed on page 876 of the *Report* as "Defense Conversion, Reinvestment, and Transition Assistance Funding for Programs in Division D for Fiscal Year 1993." These legislative initiatives were matched with those listed in the 1993 Department of Defense Appropriation Act for a comparison of legislative programs appropriated, as well as authorized. As a result, the analysis includes all of the initiatives listed in the DoD Appropriations Act, Title VIII, with the exception of 10 high technology Research and Development programs which are also contained in Title IV and total \$305.8 Million and four Title II programs totaling \$120 Million. Three of these Title II (Operation and Maintenance) programs were included elsewhere in the Authorization Act (Division A, Defense Department Authorizations) and one (Philadelphia Naval Shipyard economic conversion initiative) was not contained in the Authorization at all and was funded in the Appropriation Act under Title II.

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## APPENDIX: PROGRAM ANALYSES

## **FRAMEWORK FOR PROGRAM EVALUATION**

**Program:** Separation Pay For DoD Civilians

Section 4436

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Designed to facilitate force drawdown without RIF.</li> <li>- Provide short-term assistance to ease impact.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Goal is to avoid or minimize the need for a RIF.</li> <li>- Clearly defines impacted population.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Results are measurable.</li> <li>- Requires an annual report from the Secretary of Defense to the President.</li> <li>- Clear exit criteria.</li> </ul>	
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Employee shares in decision by choosing to accept incentive to leave government service.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Program oversight and funding is an appropriate role for the DoD.</li> <li>- Legislation gives DoD flexibility to balance its needs with those of employees.</li> </ul>	

**COMMENTS:** The legislation provides \$70 million to allow the Secretary of Defense to offer monetary incentives to DoD civilian employees who voluntarily leave Federal employment by retirement or resignation. Individuals would be offered the lesser of \$25,000 or the amount of severance pay to which they would be entitled. The goal is to facilitate the defense drawdown without having to rely on involuntary reductions-in-force (RIFs), and, like most force-management programs, the program benefits from implementation through an existing administration and its results can be measured. This provision is a potentially good force management tool that provides transition assistance to the employee and allows DoD to downsize while minimizing RIFs.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Continued Health Benefits for DoD Civilians

Section 4438

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> - Eases short- term economic dislocation - Facilitates enhanced long- term growth	- Temporarily eases impact of transition.	
<b><u>CLEAR OBJECTIVES:</u></b> - Addresses a specific problem - Directs services to population impacted by problem	- Addresses the need for workers to provide health care for themselves and their families. - Target population clearly identified.	
<b><u>MEASURABLE OUTCOMES:</u></b> - Tied to objectives - Determine program impact on target population	- Stated exit criteria (18 months).	
<b><u>DEMONSTRATED COMMITMENT:</u></b> - Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.	- The former employee pays a share and DoD pays employer cost and administration fee.	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> - Public agency role is that of facilitator - Program oversight & funding resides in organization whose mission is most directly furthered by program success - Program flexibility permits tailoring to local needs - Program costs are in line with program objective & outcomes	- This is an appropriate transition benefit for DoD to provide to former employees. - Program oversight and funding is appropriate for DoD.	

**COMMENTS:** The Congress authorized and appropriated \$2 million to provide continued health care for DoD civilian employees. This legislative initiative is clearly a needed benefit for displaced DoD civilian workers who need continued health care coverage that is affordable while they transition to new employment. By providing health care benefits DoD is bearing a cost that may fall to State or local agencies.



## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Teacher's and Teacher's Aide Placement Programs

Section 4441-4444

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Develops an employment potential for displaced defense workers, including separated member of the armed forces, terminated DoD civilians, and displaced scientists and engineers from defense contractors.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Addresses problem of jobs for defense personnel.</li> <li>- Provides assistance in obtaining credentials.</li> </ul>	<ul style="list-style-type: none"> <li>- Motivated displaced workers are already pursuing this option without assistance.</li> </ul>
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- While numbers of participants can be measured, they will be small numbers.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Would allow local education agencies to obtain quality teachers with Federal assistance.</li> </ul>	<ul style="list-style-type: none"> <li>- No cost sharing provision included.</li> </ul>
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>		<ul style="list-style-type: none"> <li>- Does not fit with DoD mission.</li> <li>- Department of Education is better equipped and has established relationships within State and local teacher training community.</li> </ul>

**COMMENTS:** The legislation authorized and appropriated a \$65 million discretionary program to provide separated service members, terminated DoD employees, and displaced private-sector defense workers opportunities to become certified as teachers or teacher aides. Initial funding will help small numbers and the program would be more appropriately placed in the Department of Education.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Temporary Early Retirement Authority

Section 4403

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short- term economic dislocation</li> <li>- Facilitates enhanced long- term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Eases transition and provides a mechanism to reduce the force without having to RIF.</li> </ul>	<ul style="list-style-type: none"> <li>- Other effective force management tools already in place.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Clearly identified target population.</li> <li>- Initiative reduces seniority of the force resulting in a younger force in the future.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Exit criteria set in law.</li> </ul>	
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment by military member demonstrated by early retirement.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Discretionary initiative giving the Secretary of Defense another force management tool.</li> <li>- Program oversight and funding is appropriate role for DoD.</li> </ul>	<ul style="list-style-type: none"> <li>- May retain personnel who would otherwise separate earlier.</li> </ul>

**COMMENTS:** A \$254 million (authorized, but not specifically funded in the appropriation) initiative that gives the Secretary of Defense a flexible alternative to involuntary separations. The program, if initiated, could potentially prove counterproductive in that it may actually lead to the retention of personnel who would otherwise separate earlier.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Temporary Health Transition Assistance

Section 4407-4408

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> - Eases short- term economic dislocation - Facilitates enhanced long- term growth	- Temporarily eases impact of transition.	
<b><u>CLEAR OBJECTIVES:</u></b> - Addresses a specific problem - Directs services to population impacted by problem	- Addresses a specific transition need and clearly defines target population.	
<b><u>MEASURABLE OUTCOMES:</u></b> - Tied to objectives - Determine program impact on target population	- The legislation outlines exit criteria of not less than 18 months.	
<b><u>DEMONSTRATED COMMITMENT:</u></b> - Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.	- Program is cost sharing in that the member must contribute to the cost of the health coverage.	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> - Public agency role is that of facilitator - Program oversight & funding resides in organization whose mission is most directly furthered by program success - Program flexibility permits tailoring to local needs - Program costs are in line with program objective & outcomes	- Responsibility for funding and administering appropriately resides with DoD.	

**COMMENTS:** This program, funded for \$76 million, provides for temporary affordable health care insurance for separating military personnel and their families.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Guard and Reserve Transition Benefits

Section 4411-4422

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Provides wide range of transition benefits to personnel impacted by military reductions.</li> </ul>	<ul style="list-style-type: none"> <li>- Separation pay not effective short-term transition benefit.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Initiative addresses drawdown related problems and targeted population well defined.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Exit criteria defined.</li> </ul>	<ul style="list-style-type: none"> <li>- Separation pay initiative lacks a success oriented measurement.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment by the member is demonstrated by their separating from a reserve unit.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- This is an appropriate role for DoD and the initiative gives the department flexibility to structure the benefits.</li> </ul>	<ul style="list-style-type: none"> <li>- Separation pay initiative not in line with program objectives.</li> </ul>

**COMMENTS:** This \$40 million program (authorized, but not specifically funded in the appropriation) provides a range of mandatory and discretionary benefits for the Selected Reserve. The benefits include priority for vacant positions in reserve units and continued participation in the Montgomery G.I. Bill. The financial impact of the transition on members of the Selected Reserve is likely to be far less substantial than the impact on active-duty military, DoD civilians, or private-sector employees because it is not their only source of income. Therefore the benefits offered by the separation pay initiative is not warranted.

## FRAMEWORK FOR PROGRAM EVALUATION

Program: DoD Environmental Scholarship Program

Section 4451

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- \$7M is provided for scholarships in environmental affairs, with preference given to separating DoD or contractor personnel.</li> <li>- Potential force management tool that could ease short-term transition.</li> </ul>	<ul style="list-style-type: none"> <li>- \$3M provided for training DoD personnel in dealing with environmental affairs does not meet conversion goals.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Funds designated for environmental training of current DoD personnel or personnel who will be required to work for DoD.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Requires a report from the Secretary of Defense.</li> </ul>	<ul style="list-style-type: none"> <li>- No other measurable outcomes.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- DoD provides scholarship funding</li> <li>- Individual agrees to serve DoD after training (1 year in DoD for each year of scholarship support).</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- As a force management tool, program oversight and funding role is appropriate for DoD.</li> </ul>	

**COMMENTS:** This \$10 million program provides scholarship funds for current DoD employees (\$3 million) and others (\$7 million) for environmental studies. The \$7 million initiative gives preference to separating DoD and defense contractor personnel and the stipulation that the recipient work one year for DoD for each year of scholarship support. The initiative meets criteria as a force management tool that will benefit dislocated personnel and fit DoD's mission concerning present and future environmental cleanup requirements.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Environmental Grants to Colleges

Section 4453

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>		<ul style="list-style-type: none"> <li>- Program does not meet conversion goals.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Secretary of Defense would provide funds to educational institutions to support programs in environmental restoration and cleanup.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- No measurable outcomes stated.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>		<ul style="list-style-type: none"> <li>- No cost sharing requirement.</li> </ul>
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Selection based on competitive proposals.</li> </ul>	

**COMMENTS:** The Congress authorized and appropriated \$10 million to establish or expand environmental studies programs at universities and colleges. The Commission finds this initiative does not meet defense conversion goals and therefore does not recommend implementation.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Job Training and Employment Services

Section 4465

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Initiative focuses on short-term transition assistance for displaced defense workers.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Clearly defines target population.</li> <li>- Directed toward reducing unemployment of displaced defense workers.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Exit criteria specified for participants.</li> </ul>	
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Initiative requires a commitment from workers.</li> <li>- Fosters cooperation between Federal and State agencies.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Legislation defines specific timelines for application process.</li> </ul>	<ul style="list-style-type: none"> <li>- Program would be more appropriately placed under Department of Labor.</li> </ul>

**COMMENTS:** This program commits \$75 million to providing skills upgrading and needs-based payments to former military, civilian DoD, and private industry defense workers who have received notification of termination. In many respects the program mirrors EDWAA and is more appropriately administered under Department of Labor.

## FRAMEWORK FOR PROGRAM EVALUATION

Program: Job Bank Program

Section 4468

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> - Eases short-term economic dislocation - Facilitates enhanced long-term growth	- Provides transition assistance to all categories of displaced defense workers.	
<b><u>CLEAR OBJECTIVES:</u></b> - Addresses a specific problem - Directs services to population impacted by problem	- Clearly defined target population. - Benefits available to impacted workers.	
<b><u>MEASURABLE OUTCOMES:</u></b> - Tied to objectives - Determine program impact on target population		- Initiative contains no success measurement or exit criteria.
<b><u>DEMONSTRATED COMMITMENT:</u></b> - Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.		- No cooperative aspects to the initiative.
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> - Public agency role is that of facilitator - Program oversight & funding resides in organization whose mission is most directly furthered by program success - Program flexibility permits tailoring to local needs - Program costs are in line with program objective & outcomes		- Program oversight and funding more appropriate role for the Department of Labor.

**COMMENTS:** This mandatory \$4 million initiative will make the Department of Labor's Interstate Job Bank readily available to separating military, their spouses, DoD civilians, and displaced employees of defense contractors. The oversight and funding is more appropriate for Department of Labor.



## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Upward Bound for Ex-Military

Section 4466

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>		<ul style="list-style-type: none"> <li>- Upward Bound aimed primarily at high school students to prepare for college, however, most dislocated military personnel are high school graduates and do not require this type of training.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>		<ul style="list-style-type: none"> <li>- It is doubtful the initiative would significantly benefit targeted personnel.</li> </ul>
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- No performance/success measurements are defined in the legislation.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>		<ul style="list-style-type: none"> <li>- The initiative contains no cost sharing features or performance incentives.</li> </ul>
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>		<ul style="list-style-type: none"> <li>- Program oversight and funding is not an appropriate role for DoD.</li> </ul>

**COMMENTS:** The government has a legitimate role in providing separating military personnel an opportunity to prepare for college. However, the vast majority of ex-military personnel do not fall in the category that would benefit from the Upward Bound program, which is a Department of Education program aimed at low income students, normally still in high school. The program consists of instruction, counselling and tutoring. It is a year-round program, with the summer component normally held at a college with the student living in a dorm.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Service Members Occupational Conversion

Section 4481-4497

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Provides assistance to displaced military separated due to the DoD drawdown.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Targeted a specific population with specific needs.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Established exit criteria.</li> </ul>	<ul style="list-style-type: none"> <li>- No clear success related measurement criteria established in legislation.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- The individual participates in training (6-18 months).</li> <li>- The employer must keep records and employ the individual after training.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>		<ul style="list-style-type: none"> <li>- Department of Labor now provides similar service to non-military.</li> <li>- Department of Labor would be a more appropriate agency to fund and administer this initiative.</li> </ul>

**COMMENTS:** This mandatory program provides \$75 million for employers to train unemployed veterans discharged after August 2, 1990. The initiative provides assistance to displaced military personnel separated due to the drawdown and targets a specific population with specific needs. However, other than record keeping, it establishes no measurements of success and is redundant, in that there are similar programs in being within the Department of Labor (DoL). Funding would be more effective in expanded job training within DoL.

## FRAMEWORK FOR PROGRAM EVALUATION

Program: OEA Expansion

Section 4301

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Temporarily eases impact on communities affected by the drawdown.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Legislative initiative focuses on the problem of community adjustment assistance.</li> <li>- Target population is clearly defined.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Exit criteria established by the one-time grant to the community.</li> </ul>	<ul style="list-style-type: none"> <li>- program does not require evaluations and would be difficult to measure actual success criteria.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Program requires beneficiaries to provide not less than 10% of the funding from non-Federal sources.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- This program expands OEA's ability to provide advance planning for drawdown impacted communities.</li> </ul>	<ul style="list-style-type: none"> <li>- The role of OEA in community assistance is one of planning, not implementing.</li> <li>- The more appropriate agency for oversight and funding of the implementation role is EDA.</li> </ul>

**COMMENTS:** The legislative initiative is one which will be beneficial to the communities that are severely impacted by the DoD drawdown. While there is no doubt that this effort is a valid transition need, the role of DoD should remain one of planning as OEA is structured to operate. The actual implementation is more appropriately facilitated through EDA.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Pilot Project to Improve Economic Adjustment Planning

Section 4302

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- This initiative would test economic adjustment for different types of communities impacted by DoD drawdown.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- The initiative is targeted to a population impacted by drawdown.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Exit criteria well defined with four projects and limited funding.</li> <li>- One outcome of the pilot project would be to determine measurable success criteria addressing economic dislocation.</li> </ul>	
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>		<ul style="list-style-type: none"> <li>- None specified in the legislation.</li> </ul>
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- OEA's current role as supporter of planning is expanded.</li> <li>- Legislative language gives DoD flexibility in establishing the program.</li> </ul>	

**COMMENTS:** This \$2 million initiative is a pilot project to test economic adjustment planning and implementation for the different types of communities affected by reduced defense spending. The projects are well defined and give DoD flexibility to tailor the program and determine methodologies that may be successful in addressing similar economic dislocations. The Commission recommends use of matching funds.

## **FRAMEWORK FOR PROGRAM EVALUATION**

**Program:** Economic Assistance Through the EDA

Section 4305

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- The legislative initiative focuses on a drawdown-related need.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Certain communities are going to be impacted by the drawdown.</li> <li>- The program directs assistance to a target population that is defined.</li> </ul>	<ul style="list-style-type: none"> <li>- Initiative adds funding to a program with earlier funding that is not yet used.</li> </ul>
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- EDA audits the recipient to ensure proper use of grant funds.</li> <li>- Exit criteria exist in that the grants are one-time grants managed by the state or local agency.</li> </ul>	<ul style="list-style-type: none"> <li>- The program lacks measurable success criteria.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- The program does foster cooperation between the Federal and state and local agencies.</li> <li>- Matching funds are required.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>		<ul style="list-style-type: none"> <li>- The program lacks timeliness in that the community must have already suffered economic dislocation to apply.</li> <li>- EDA support could be broadened to allow for a wider range of programs.</li> <li>- Program oversight and funding is more appropriately placed within the Department of Commerce.</li> <li>- The effectiveness of EDA has been questioned.</li> </ul>

**COMMENTS:** This section of the legislation adds \$80 million to the budget of the Economic Development Administration (EDA), an agency of the Department of Commerce, to provide assistance to defense-dependent communities. The Commission feels that EDA's effectiveness has been limited and that its help often arrives late. The Commission recommends transferring the funding of this initiative to EDA and that EDA reorient its efforts and improve the timeliness of its responses.

## **FRAMEWORK FOR PROGRAM EVALUATION**

**Program:** Defense Dual-Use Critical Technology Partnerships

Section 4221

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term economic growth</li> </ul>	<ul style="list-style-type: none"> <li>- Research &amp; development of dual-use technologies.</li> <li>- Potential to facilitate transition and preserve defense capabilities.</li> <li>- Enhances long-term economic growth.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Goal is to leverage R&amp;D resources to benefit national economy and security.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Objectives set for each partnership, none in legislation.</li> <li>- Exit criteria for Federal funding (funding is one-time, not continuous).</li> </ul>	
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Contains cost sharing requirement.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Program is clearly within DARPA's mission and capabilities.</li> <li>- Funding historically goes to nongovernment consortia, organized to perform R&amp;D.</li> <li>- "Cooperative agreement" transaction authority enables DARPA to enter partnerships with firms whose business is primarily commercial.</li> </ul>	

**COMMENTS:** This program, authorized at \$200 million, but appropriated at \$100 million, is intended to help defense-dependent businesses acquire dual-use capabilities through various types of assistance, including transition from government-oriented business practices to commercial practices, the acquisition of information, and loan guarantees to small businesses.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Commercial-Military Integration Partnerships

Section 4222

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Encourages integration of defense and commercial business operations.</li> <li>- Potential to facilitate transition and preserve defense capabilities.</li> <li>- Supports long-term economic growth.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Develop technologies and production capabilities for commercial market that also support defense needs or contingencies.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- Federal funding limited to 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>- No measureable outcomes appear in the legislative direction for this new program.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost sharing, with government's share decreasing over program period.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Appropriate and important to DoD because it supports DoD's industrial base strategy.</li> <li>- Flexibility permitted in terms of partners</li> <li>- Government role is a facilitator.</li> </ul>	<ul style="list-style-type: none"> <li>- Flexibility in the choice of technology areas limited because some specific technologies are included in the legislative authority.</li> </ul>

**COMMENTS:** This \$50 million initiative also provides for the creation of partnerships between DoD and private firms or non-profit organizations to encourage R&D on dual-use critical technologies, but this program places an emphasis on the commercial viability of the technologies.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Regional Technology Alliances Assistance Program

Section 4223

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Potential to ease transition.</li> <li>- Potential for preserving defense capabilities.</li> <li>- Supports long-term economic growth.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Encourages regional focus in adjusting to defense budget reductions.</li> <li>- Supports regional strengths (such as "Silicon Valley") in critical dual-use technologies.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- No measureable outcomes stated in the legislation for this new program.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Contains cost sharing provisions.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Government is facilitator.</li> <li>- Federal funding of any one alliance not to exceed 6 years.</li> <li>- Concept based on existing regional alliances, such as Florida's Technology Coast Manufacturing and Engineering Network, Ohio's Thomas Edison Centers).</li> </ul>	<ul style="list-style-type: none"> <li>- Oversight and funding more appropriate under Department of Commerce with DoD coordination.</li> </ul>

**COMMENTS:** This \$100 million program recodifies and gives a new title to the Critical Technology Application Centers Assistance Program that was funded in prior years. It is intended to provide assistance to regional technology alliance centers to promote the use of defense-critical technology for military and commercial purposes. The Commission recommends funding and administration be transferred to the Department of Commerce.



## **FRAMEWORK FOR PROGRAM EVALUATION**

**Program:** Advanced Manufacturing Technology Partnerships

Section 4232

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Potential to ease transition.</li> <li>- Potential for preserving defense capabilities.</li> <li>- Supports long-term economic growth.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Funding for the development of advanced manufacturing technologies with potential dual-use applications.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- No measurable outcomes have been identified.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Contains cost sharing provisions.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Advanced manufacturing is sufficiently important to the production of defense systems that DoD oversight and funding is appropriate.</li> <li>- Much flexibility in the selection of partners.</li> </ul>	

**COMMENTS:** Under this \$25 million program, the DoD may enter into partnerships to encourage R&D in advanced manufacturing technology, which would foster dual-use applications and promote U.S. competitiveness in the commercial market.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Defense Manufacturing Extension Programs

Section 4233

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Potential to ease transition.</li> <li>- Potential for preserving defense capabilities.</li> <li>- Supports long-term economic growth.</li> </ul>	<ul style="list-style-type: none"> <li>- Numerous Federal, state, and local agencies presently sponsor these programs.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Provide manufacturing innovation and processes assistance to small and medium sized firms upgrading capability to transition into commercial marketplace.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- Varies with the individual program.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Matching funding for a range of programs fosters cooperation between the Federal, state, and local agencies.</li> <li>- Strong involvement by key customer firms, manufacturing equipment vendors, and workers.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Flexible programs funded on competitive, merit selection basis.</li> </ul>	<ul style="list-style-type: none"> <li>- While there is a needed Federal facilitator role, Department of Commerce would be a more appropriate agency in that role.</li> <li>- Implementation of the extension programs should be at the state level where networks already exist.</li> </ul>

**COMMENTS:** Manufacturing extension centers can help improve productivity by encouraging companies to adopt current, more productive capital equipment and production processes. There is a role for Federal agencies to serve as a facilitator, working with many established programs within existing networks. Because of the many existing programs, the entry of DoD in this area creates redundant effort.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Defense Dual-Use Assistance Extension Program

Section 4234

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>- Potential to ease transition.</li> <li>- Potential for preserving defense capabilities.</li> <li>- Supports long-term economic growth.</li> </ul>	
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Target population clearly defined with program aimed at the firms impacted by the defense drawdown.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>	<ul style="list-style-type: none"> <li>- The initiative contains mechanism for exit criteria.</li> </ul>	<ul style="list-style-type: none"> <li>- Measurable outcomes would be entry oriented instead of success oriented.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Supports programs sponsored by Federal, regional, state, and local agencies.</li> <li>- Contains a matching funds feature.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- Oversight and funding role is appropriate for DoD as defense firms transition to the commercial marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>- Flexibility limited by legislative language and earmarks.</li> </ul>

**COMMENTS:** There was \$200 million authorized and \$100 million appropriated for this initiative which would assist defense dependent firms convert from government-oriented management, production, training, and marketing practice to commercially viable equivalents. The program contains almost \$19 million in appropriations earmarked funding which limits the flexibility. While the focus is directed toward the commercial market, DoD oversight and funding is appropriate for defense firms that are trying to convert from the defense market because of reduced defense spending.

## FRAMEWORK FOR PROGRAM EVALUATION

**Program:** Defense Manufacturing Engineering Education Program Section 4272

CRITERIA FOR CONSIDERATION	ASSESSMENT OF PROPOSAL	
	FAVORABLE	QUESTIONABLE, UNFAVORABLE, OR NOT APPLICABLE
<b><u>SUPPORT FOR TRANSITION GOALS:</u></b> <ul style="list-style-type: none"> <li>- Eases short-term economic dislocation</li> <li>- Facilitates enhanced long-term growth</li> </ul>		<ul style="list-style-type: none"> <li>- Ongoing initiative that provides worthwhile benefits, but does not meet all defense conversion goals.</li> </ul>
<b><u>CLEAR OBJECTIVES:</u></b> <ul style="list-style-type: none"> <li>- Addresses a specific problem</li> <li>- Directs services to population impacted by problem</li> </ul>	<ul style="list-style-type: none"> <li>- Program will strengthen the ability of educational institutions to serve regional manufacturing firms.</li> </ul>	
<b><u>MEASURABLE OUTCOMES:</u></b> <ul style="list-style-type: none"> <li>- Tied to objectives</li> <li>- Determine program impact on target population</li> </ul>		<ul style="list-style-type: none"> <li>- The initiative contains no success measurement or exit criteria.</li> </ul>
<b><u>DEMONSTRATED COMMITMENT:</u></b> <ul style="list-style-type: none"> <li>- Cooperative approach to service delivery, i.e. cost sharing, resource matching, performance incentives to local delivery areas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Program contains matching funds feature and a competitive selection process.</li> </ul>	
<b><u>EFFECTIVE/EFFICIENT DELIVERY:</u></b> <ul style="list-style-type: none"> <li>- Public agency role is that of facilitator</li> <li>- Program oversight &amp; funding resides in organization whose mission is most directly furthered by program success</li> <li>- Program flexibility permits tailoring to local needs</li> <li>- Program costs are in line with program objective &amp; outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- There is an appropriate role for Federal level facilitation in this program.</li> </ul>	<ul style="list-style-type: none"> <li>- DoD's role in oversight and funding would be more appropriate for the National Science Foundation or other agency.</li> </ul>

**COMMENTS:** An ongoing program authorized and appropriated at \$30 million which is designed to strengthen the ability of educational institutions to serve regional manufacturing firms and provide grants to support new programs and improve existing programs in manufacturing engineering and management at the graduate and undergraduate level. There is an appropriate Federal role in this initiative, however it would be a more appropriate undertaking for the National Science Foundation or other institution.

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